Waterloo Housing Trust Fund

REVOLVING LOAN FUND ADMINISTRATIVE PLAN

Adopted by the Waterloo Housing Trust Fund on: June 10, 2026

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OVERVIEW AND PURPOSE OF THE PLAN

The mission of the Waterloo Housing Trust Fund (WHTF) is to promote and support affordable housing in Waterloo, Iowa. Our vision is to create and ensure safe, decent affordable housing for all in Waterloo. The Trust Fund supports affordable housing by offering a flexible source of financing to assist with the development and preservation of homes primarily for households with incomes at or below 80% of the area median household income as defined by the US Department of Housing and Urban Development at the time of application.

The goal of this Plan, and the program it outlines, is to make possible and maintain affordable housing throughout the entire community. This will be accomplished through the awarding of available funds for qualified housing projects using the following guidelines for the revolving loan fund.

Timing and Level of Funding

The WHTF Board of Directors will determine the amount of funding available, if any, on a quarterly basis. The amount of funding will depend on the contributions to the Trust Fund, repayments received/anticipated and the expected disbursements of obligated funds.

The Board of Directors will decide on the level of anticipated funding at the board meetings at the start of each fiscal year. Developer applications will be released twice per year prior to Board meetings in November and June and be accepted on an ongoing basis until funds have been committed. Individual homeowner applications will be accepted on an ongoing basis. The Revolving Loan Fund Committee will present funding recommendations to the Board of Directors at their regular meetings. Funding agreements will be prepared within 30 days of approval by the RLF Committee.

Eligible Applicants

Businesses, nonprofits, government entities, and individual homeowners are eligible to apply for financing. All applications must have the capacity to complete the proposed projects. For-profit organizations are eligible to apply for financing and may be required to sign a personal guarantee as a condition of award.

Funding Determinations

Funds will only be awarded for projects within the City of Waterloo that primarily serve households with income at or below 80% of the area median household income. Revolving loan funds will be available to those between 80-120% at the discretion of the RLF Committee and will not utilize trust fund dollars. The WHTF will make determinations whether the projects are financially feasible and reserves the right to reject any application that fails to meet that threshold. In determining the projects to be funded, the WHTF RLF Committee will consider each application on a case-by-case basis.

Each application reviewed will primarily consider the following factors:

- The population served by the project. WHTF will give preference to projects that serve populations with lower incomes.
- Other resources leveraged by the proposal. WHTF will consider the amount of other public and private resources that will be invested in the project.

The WHTF seeks to provide funding to a variety of applicants to support a diverse spectrum of projects throughout the City of Waterloo. Therefore, the WHTF will consider all proposals in light of current and past financing awarded and may give preference to projects that enhance the diversity of our funding.

As an organization, the WHTF must also ensure that financing is awarded in a financially prudent manner. Therefore, funding decisions, including terms agreed to by the WHTF, will depend on a variety of factors including the level of risk involved in the project, the level of outstanding obligations and anticipated repayments and investments to the revolving loan fund. General guidelines that will be considered are included in the Appendix.

Terms of Funding

Applicants are invited to propose the level and terms of funding that best suits their project. If the RLF Committee approves funding, the WHTF will negotiate the final terms of the financing to be awarded. In general, shorter term (12-24 months), lower risk loans will be subject to lower interest rates. Longer term investments require a modest return to the revolving loan fund. The level of return required will depend on several factors including the amount of financing requested, the length of the term, financing already awarded to other projects, the level of investments to the Trust Fund anticipated and current market conditions. The WHTF may award more favorable terms to projects that target residents with lower incomes.

Applicants will also be invited to propose a timeline which will allow them to secure all other funding commitments and begin drawing WHTF funds. The RLF Committee will use the proposed timeline in deciding whether to approve the funding. Failure of the applicant to secure commitments or begin the project as proposed will be grounds for WHTF to terminate the agreement so that funds can be used for other projects.

Process

<u>All prospective applicants should first contact the WHTF administrator when considering applying for funding</u>. Final determination of awards rests with the RLF Committee. Advice to prospective applicants regarding the anticipated level of funding that will be available and the terms the Committee is likely to consider for approval. Because the level and terms of funding is very flexible, applicants will enhance the possibility of approval by working with Trust Fund staff to develop their proposal.

Developer applications will be released twice per year prior to Board meetings in November and June and be accepted on an ongoing basis until funds have been committed, while applications from individual homeowners will be accepted on an ongoing basis. The applications will be reviewed by the RLF Committee and additional information may be requested. The RLF Committee will review the applications within weeks and will present recommendations to the Board at their next meeting. Applicants may be invited to attend the RLF Committee meetings to answer questions about their project.

Funding agreements will be prepared within 30 days after the RLF Committee's decision unless there are extenuating circumstances or issues that require further review by the Board.

PROGRAM GUIDELINES

Project Priorities

The following projects will be given priority when considering approval.

A. Construction or Rehabilitation of Affordable Housing Development (Rental and Owner-Occupied Units)

The WHTF may provide funds toward new construction of affordable single-family owner-occupied homes, affordable twin homes, condominiums or new affordable rental developments. The funds may be awarded to project developers or sponsors for the purchase of land, to offset hard construction costs or to buy down the cost of newly constructed homes through a home-buyer assistance program. The final guidelines for the program shall be established and outlined in an RFP process that will be established by the WHTF. The funds to be provided shall be in the form of a grant, a loan or grant/loan combination with the final determination on funding type outlined in the RFP.

B. Homeowner Repair Program (Single-Family Owner-Occupied Units)

The scope of these activities is to provide financial assistance to Waterloo homeowners who find themselves in a situation where costly repairs to their homes are needed to remedy a threat to their health, safety, or well-being. The following requirements shall apply:

- Units must be current on mortgage and property tax.
- Funding to households may be given in the form of a forgivable grant, a repayable loan or a combination of the two.
- For all repayable loans, an established interest rate based on income may be charged with the loan to be repaid over a period of 5 years.

Eligible projects under the repair program may include the following:

1. Roof repair or replacement
2. Furnace replacement
3. Water heater replacement
4. Plumbing
5. Electrical
6. Water line repairs
7. Ramp accessibility
8. Siding
9. Windows
10. Doors
11. Insulation
12. Sidewalks
13. Air Conditioning
14. Radon Mitigation

Approved projects shall have a minimum cost estimate of one thousand dollars ($1,000.00), but no project shall receive more than twenty thousand dollars ($20,000) for a single owner.

Ineligible projects under this program shall include:

1. Cabinets
2. Shutters
3. Flooring
4. Appliances
5. Additional concrete work, unless it is necessary to provide accessibility
6. Repairs to accessory or ancillary structures
7. Multiple family or renter occupied units

C. Homebuyer Assistance Activities

The scope of this activity is to provide financial assistance to Waterloo households in support of homeownership. Funded activities will include housing rehabilitation, repair, or down payment activities necessary for the purchase of the house. Applicants wishing to fund this activity must adhere to the following guidelines:

- Applicants must have a valid purchase agreement and inspection showing the need for the repair(s).
- Projects may include, but are not limited to roofing, plumbing, electrical, structural, energy efficiency, lead paint issues and handicap accessibility.
- Repairs/rehabilitation must be sufficient to standardize the unit up to the International Property Maintenance Code and Property and Rehabilitation Standards of the City of Waterloo.
- Funding to households may be given in the form of a forgivable grant, a repayable loan, or a combination of the two.
- For all repayable loans, an established interest rate based on income may be charged with the loan to be repaid over a period of 5 years.

D. Infill Development/Homes for Iowa

Priority will be given to applicants proposing infill housing on previously developed sites that leverage existing infrastructure, reduce public service extension costs, and expand the community's housing supply in established neighborhoods. Extra consideration will be given to those who utilize the Homes for Iowa program.

PROJECT MANAGEMENT AND IMPLEMENTATON

The WHTF revolving loan fund is meant to be flexible, and applicants are invited to propose the funding level, timing, and terms that best suit their project. The Board of Directors will consider a variety of factors including the financial feasibility and mission of the Housing Trust Fund.

In order to provide applicants with guidance about what factors may be considered, the following guidelines provide a description of factors considered. Applicants should be prepared to explain proposals that deviate from those guidelines.

Terms of Affordability and Sustainability

The mission of the Waterloo Housing Trust Fund is to address housing needs of people with low incomes. Therefore, a major consideration will be how long the funded project is expected to remain affordable and subject to ensuring new owners or renters meet the income levels identified in the application. "Affordable" will be defined as housing costs that are no more than 30% of the households' gross income. For homeowners, housing costs include principal, interest, taxes, and insurance. For renters, housing costs include rent and utilities. WHTF may ensure affordability guidelines through liens on funded projects. The specifics of managing and enforcing terms of affordability will be negotiated between the WHTF and the award recipients at the time of award.

Per-Unit Funding Amounts

In general, applicants constructing new units for rental housing should apply for no more than $50,000 per unit. Applicants seeking funding for rehabilitation of rental housing may apply for up to $25,000 per unit. Per-unit costs which exceed these amounts should be explained in the application.

Timing of Funding

Applicants should propose a realistic timeline by which they anticipate securing all other funding commitments and beginning to draw down funds. All other committed funding sources, either public or private, must be closed prior to or at the same time as the release of any funds by WHTF. Failure to secure other funding commitments or begin drawing funds within the agreed timelines will constitute cause for WHTF to terminate the agreement and commit the funds to other projects.

Applicant's Track Record and Administrative Capacity

Successful applicants will show sufficient administrative capacity to administer the proposed project as well as comply with all reporting requirements of WHTF and other funders. In order to show such capacity, applicants must submit financial statements. Applicants should also provide a narrative which identifies the participants in the project, relevant experience, and any other information which indicates the applicant is capable of administering the project.

Financial Feasibility of Project

Applicants must supply sufficient information to allow WHTF to determine the financial feasibility of the project to be funded. If WHTF determines that the project is not financially feasible or is not supported by a market analysis of demand and need for the proposed housing type, the application will not be scored.

Applicants must show the financial feasibility of each project by including the following information with each application for funds:

- Identification of each member of the project ownership and management team.
- A detailed description of the project to be funded including, where applicable, a development pro forma and a project development timeline.
- A Sources and Uses statement with status of all funding sources (projected and committed) and the priority of claims among funders. All funding sources must be committed and closed prior to or at the same time of any release of funds by WHTF.
- For applicable projects, sufficient evidence of the applicant's ability to obtain title to subject property. Prior to disbursement of any funds, recipients will be required to show evidence of site control.
- For rental projects, estimated annual income and expenses including a 10-year cash flow projection.
- For individual homeowners, a project estimate provided by a licensed contractor or qualified professional.

Sufficient information must be submitted to support all projections. Applications with unsubstantiated projections or projections with negative balances will not be funded. WHTF will generally accept a project's development budget if approved by other funders such as private lenders, IFA, USDA, HUD or FHA. In reviewing budgets and projections, WHTF will consider the following guidelines:

- Applicants must show that a project can service its debt. In order to meet this requirement, a debt coverage ratio of at least 1:15 will be expected. If an applicant's debt coverage ratio deviates from this, the applicant should provide an explanation to justify the deviation.
- Projects may include a developer's fee no greater than 15% calculated as follows: developer's fee divided by (total development cost – developer's fee – capitalized reserves). If the developer's fee is higher than 15%, applicants must provide a narrative explaining this deviation. One factor to consider in allowing a higher fee is whether the fee has previously been approved by any other funding source.
- The contingency budget for a project is generally expected to be between 5 percent and 10 percent of the construction budget, unless the applicant can demonstrate that costs are unlikely to change from those proposed.

Building Standards

Applicants must show proof of meeting applicable building codes for all projects. Applicants must meet all requirements of the City of Waterloo building codes and amendments. Applicants for remodeling should at a minimum meet Section 8 housing quality standards. For residential properties constructed before January 1, 1979, projects should consider and incorporate lead-safe housing practices where applicable and feasible.

Income Verification of Assisted Households

Applicants will be required to submit income verifications of targeted populations for the designated number of affordable units in the award agreement.

Monitoring and Reporting Requirements

An authorized representative of the recipient will be required to sign an Agreement with the WHTF. The Agreement will set forth all terms, conditions and understandings obligations upon which the project is funded by WHTF, including a detailed project timeline. As part of the Agreement, recipients will be required to provide quarterly reports to the WHTF until the project is complete and all household incomes are submitted. Quarterly reports will include the following information:

- A narrative summary of progress made since the last reporting period. Any deviations from the Agreement must have prior approval from the WHTF.
- An update on any occupancy changes during the reporting period and new income levels.
- A description of activities needed for completion of the project and plans for implementing those activities.

Annually, the WHTF requires applicants to submit any changes in occupancy, to include an updated income eligibility form for the new household, for the duration of the agreed period of affordability.

REVOLVING LOAN FUND (RLF) COMMITTEE

The Board of Directors shall appoint a committee that shall be known as the Revolving Loan Fund Committee. Said committee shall be responsible for meeting and reviewing all applications and awards associated with this program, as well as making recommendations to the Board regarding matters to be considered under this Plan, including recommending any amendments to this Plan. The Committee shall include at least one Board member and two other members. The Board shall approve membership of the RLF Committee. Approval of RLF Committee action shall require a majority vote. All recommendations shall be presented to the Board.

OTHER REQUIREMENTS

Conflicts of Interest

To avoid potential conflicts of interest or appearance of a conflict of interest, a project award will not be made to any City official (elected or appointed), City employee, WHTF Board Member, or a member of their immediate family.

Civil Rights (Title VI Compliance)

No applicant or potential applicant will be discouraged from applying for, or denied funding on the basis of race, color, national origin, religion, sex, or disability. Furthermore, the Board shall adhere to all applicable statutes, executive orders, requirements, and regulations pertaining to non-discrimination established by the federal, state, or City government.

Insurance

Homeowners insurance is required for participation in the program established under this Plan. If a lender, mortgage company, or other regulatory authority will not issue or maintain insurance for a funded project due to an unresolved condition of the home, the WHTF will work with the homeowner to correct that condition utilizing program funds.

Projects in the Floodplain

The WHTF will discourage funding projects under this program that are located in a floodplain, as identified in a Federal Emergency Management Agency (FEMA) Floodplain Study, Map, or Panel. If a project is approved in the floodplain, the WHTF shall ensure compliance with its current floodplain ordinance.

Infeasible Projects

The WHTF reserves the right to refuse to perform work on a project or property for reasons where the scope, scale, or estimated cost of the project is beyond the limits of the program outlined in this Plan. Furthermore, the WHTF may refuse or cancel a project that is deemed infeasible because of safety reasons or for constraints, limitations, or concerns caused by the homeowner or agency, including financial reasons.

PLAN AMENDMENT

This Administrative Plan may be amended from time-to-time. To do so, the proposed amendment must be reviewed and recommended for approval by the RLF Committee first and then sent to the Waterloo Housing Trust Fund Board for consideration. Any proposed amendments to the Plan must be presented in writing prior to the meeting where said amendment(s) may be considered by the RLF Committee and Board.

Appendix 1: Income Guidelines and Funding Schedule

Income Guidelines

***Effective May 2026**

	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
30%	$19,800	$22,600	$27,320	$33,000	$38,680	$44,360	$50,040	$55,720
80%	$55,750	$60,250	$67,800	$75,300	$81,350	$87,350	$93,400	$99,400

****For owner-occupied projects, the following incomes may be used as an alternative:**

**	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
30%	$29,940	$29,940	$34,431	$34,431	$34,431	$34,431	$34,431	$36,450
80%	$79,840	$79,840	$91,816	$91,816	$91,816	$91,816	$91,816	$97,200

Funding Schedule

*Decision date **subject to change**; refer to the application for timeline

Winter	**November** Determination of funds	**November** Applications Released	**May** Meeting with RLF Committee Funding decision
Summer	**May** Determination of funds	**June** Applications Released	**July** Meeting with RLF Committee Funding decision

Appendix 2: Program Application – See Attached